



## *Chapter 2* **Regional Context**

### **Cluster 4 Asset Profile**

#### **Economic Overview**

The City of Detroit is a part of the larger regional economy and shares its future as it relates to employment opportunities. For this reason it is important to understand the context within which cluster residents pursue employment and training as a part of job center planning. In September 1997, the Michigan Employment Security Agency prepared basic planning data to assist state workforce agencies in completing economic and labor needs analysis. This information as well as data generated by the City of Detroit's Employment and Training Department help to provide an understanding of Detroit's role within the regional economy.

#### **Labor Force**

The number of persons in the labor force is defined as the employed, the unemployed, and those actively seeking work. In 1996, the total labor force for the city of Detroit was 392,925. This represents 19.1% of the regional labor force total of 2,051,164. The labor force participation rate for the City of Detroit was 55.0%, lower than both the Michigan rate of 65.4% and the national rate of 66.4%. Of Detroit's labor force total, a total of 357,675 residents were employed, compared to the 35,250 unemployed residents (unemployment rate of 9.0%). At the same time, youth unemployment between the ages of 16 and 19 years old, was 23.9% and 21.0% for males and females, respectively.

#### **Employment Structure**

Within the regional job market, growth has occurred in a number of industrial categories. The trend from 1991 to 1996 shows that service jobs in the region increased significantly, representing 30% of the total jobs, a rate higher than the state at 26.8% and the nation at 28.7%. Construction employment also increased. During the same period of time, the areas of employment represented by manufacturing, wholesale trade, finance, insurance, real estate, and government services declined in relative terms.

#### **Labor Demand**

Nearly 75% of employment growth among the top ten industries is concentrated in service producing industries. The top growth industry, business services, reflects employment expansion among firms providing services in personnel supply, computer programming, advertising, mailing, stenographic, and building cleaning and maintenance. These growth industries reflect a need for management/supervisory, clerical semi-skilled manufacturing, skilled trades, and janitorial workers.

**Top Ten Industries with Largest Employment Growth  
1991 to 1996**

| <b>Labor Market Area Industries</b>          | <b>Total Growth</b> |
|--|---------------------|
| Business Services                            | 51,000              |
| Educational Services                         | 20,000              |
| Engineering, Accounting, Management Services | 17,000              |
| Eating and Drinking                          | 16,000              |
| Special Trade Contractors                    | 13,000              |
| Motor Vehicles and Equipment                 | 13,000              |
| Social Services                              | 10,000              |
| Fabricated Metal Products                    | 9,000               |
| Wholesale Trade - Durable Goods              | 8,000               |
| Rubber and Plastic Products                  | 6,000               |

**Labor Supply**

Currently, the decline in unemployment in Detroit and in the region as a whole has resulted in a tightening of the labor supply. Additionally, since 1994, the Michigan Department of Education has recorded a decline in Wayne County of high school, community college and university graduates. In areas of high job demand, professional, technical, managerial and machine trade occupations there is a lower supply of labor. At this time there seems to be a large concentration of labor availability in sales, clerical and service occupations.

**Area Training**

In support of the assumption that Detroit is a part of a larger labor market area, a significant proportion of trained Detroit residents find employment in suburban locations. According to information provided by the City of Detroit's Employment and Training Department, 2,442 persons trained through City-sponsored programs (1996-1997) found employment in Detroit's regional labor market. Of this total, 57% or 1,402 persons found employment within the city of Detroit, 16% or 390 persons in the balance of Wayne County, 15% or 356 persons in Oakland County, and 8% or 200 persons in Macomb County. The remainder of 4% or 94 persons did not accurately designate their location of employment.

**Area Training Facilities**

**Post-Secondary Education Training Institutions**

| <b>Name</b>                    | <b>Street Address</b>     | <b>City</b> | <b>State</b> | <b>Zip</b> |
|--------------------------------|---------------------------|-------------|--------------|------------|
| Wayne County Community College | 801 W. Fort Street        | Detroit     | MI           | 48226      |
| Wayne State University         | 4298 Faculty Admin. Bldg. | Detroit     | MI           | 48202      |
| Center for Creative Studies    | 201 E. Kirby              | Detroit     | MI           | 48202      |
|                                |                           |             |              |            |

|                                 |                        |         |    |       |
|---------------------------------|------------------------|---------|----|-------|
| Center for Humanistic Studies   | 40 E. Ferry Avenue     | Detroit | MI | 48202 |
| Detroit College of Law          | 130 E. Elizabeth       | Detroit | MI | 48201 |
| Ecumenical Theological Seminary | 2930 Woodward Avenue   | Detroit | MI | 48201 |
| Lewis College of Business       | 17370 Myers Road       | Detroit | MI | 48235 |
| Marygrove College               | 8425 W. McNichols      | Detroit | MI | 48221 |
| Sacred Heart Major Seminary     | 2701 Chicago Boulevard | Detroit | MI | 48206 |
| U of Detroit- Mercy             | 4001 W. McNichols      | Detroit | MI | 48219 |

Source: Michigan Department of Education

### Vocational Education Training Institutions

| Name                             | Street Address          | City    | State | Zip   |
|----------------------------------|-------------------------|---------|-------|-------|
| Alma's Barber & Beauty College   | 20001 Livernois         | Detroit | MI    | 48221 |
| American Building Trades         | 20225 Livernois         | Detroit | MI    | 48221 |
| American Technologies Institute  | 10711 W. McNichols      | Detroit | MI    | 48221 |
| Brock Cosmetology University     | 14750 Plymouth Road     | Detroit | MI    | 48221 |
| Byron's School of Floral Arts    | 11851 Woodward          | Detroit | MI    | 48203 |
| Career Development Center        | 5961 14th Street        | Detroit | MI    | 48208 |
| Crockett Vocational Center       | 571 Mack                | Detroit | MI    | 48201 |
| Debbie's School of Beauty        | 14242 Gratiot           | Detroit | MI    | 48205 |
| Delyda's Tutoring School         | 15622 Log Cabin         | Detroit | MI    | 48238 |
| Depatis Floral School            | 13981 Meyers Road       | Detroit | MI    | 48227 |
| Detroit Business Institute       | 1249 Washington Blvd.   | Detroit | MI    | 48226 |
| Detroit Practical Nursing Center | 20119 Wisconsin         | Detroit | MI    | 48221 |
| Focus: Hope Machinist Training   | 1200 Oakman Boulevard   | Detroit | MI    | 48202 |
| Grand Sorrento Beauty School     | 13000 Grand River       | Detroit | MI    | 48227 |
| Henry Ford Hospital              | 2921 W. Grand Boulevard | Detroit | MI    | 48202 |
| JTPA School of Practical Nursing | 735 Griswold            | Detroit | MI    | 48226 |
| Kettering School Cosmetology     | 6101 Van Dyke           | Detroit | MI    | 48213 |
| Krainz Woods Academy/ Med Lab    | 4327 E. Seven Mile Road | Detroit | MI    | 48234 |

|                                       |                          |         |    |       |
|---------------------------------------|--------------------------|---------|----|-------|
| Mauricios School of Cosmetology       | 16705 E. Warren          | Detroit | MI | 48224 |
| MI. Inst. of Therapeutic Hypnosis     | 18700 Woodward Avenue    | Detroit | MI | 48203 |
| Michigan Barber College               | 8990 Grand River Avenue  | Detroit | MI | 48204 |
| Michigan Career Institute             | 14520 Gratiot            | Detroit | MI | 48205 |
| Michigan College of Beauty            | 15520 W. Warren          | Detroit | MI | 48228 |
| Michigan Paralegal Institute          | 615 Griswold             | Detroit | MI | 48226 |
| Midwest Careers Institute             | 660 Woodward Avenue      | Detroit | MI | 48226 |
| Multi-Media Communications            | P.O. Box 11439           | Detroit | MI | 48211 |
| Multi-Training Systems, L.C.          | 18263 W. McNichols       | Detroit | MI | 48219 |
| Payne-Pulliam School of Trade         | 2345 Cass Avenue         | Detroit | MI | 48201 |
| Preston & Anna's Beauty School        | 12001 Grand River        | Detroit | MI | 48204 |
| Quality Career Skills Labs            | 1772 E. Seven Mile Road  | Detroit | MI | 48203 |
| RAM Technical Institute               | 8935 W. Eight Mile Road  | Detroit | MI | 48221 |
| Redford School of Cosmetology         | 21431 Grand River        | Detroit | MI | 48219 |
| Ross Medical Ed. Center               | 15670 E. Eight Mile Road | Detroit | MI | 48205 |
| Ross Technical Institute              | 1553 Woodward            | Detroit | MI | 48226 |
| SER Business and Technical Inst.      | 9301 Michigan Avenue     | Detroit | MI | 48210 |
| South Joy Beauty School               | 18713 Joy Road           | Detroit | MI | 48228 |
| The Commercial Drivers License School | 14601 Dequindre          | Detroit | MI | 48212 |
| Virginia Farrell Beauty School        | 2444 W. Seven Mile Rd.   | Detroit | MI | 48219 |
| Vocational Institute of Michigan      | 17421 Telegraph          | Detroit | MI | 48219 |
| Breithaupt Voc-Tech Center            | 9300 Hubbell             | Detroit | MI | 48228 |
| Crockett Voc-Tech Center              | 571 Mack Avenue          | Detroit | MI | 48201 |
| Davis Vocational Center               | 10200 Erwin              | Detroit | MI | 48234 |
| Golightly Vocational Center           | 900 Dickerson Avenue     | Detroit | MI | 48215 |
| Randolph Vocational Tech Center       | 17101 Hubbell            | Detroit | MI | 48235 |

Source: Michigan Department of Education

Cluster 4 is the most varied of all the clusters. It has one of the lowest resident populations of all clusters, but its daytime population expands with the workday commute. It has the lowest automobile availability and the most traffic of all the clusters. It is among the lowest in income level and highest in poverty rate, but has an economic base equal to the remainder of the city combined. Among the various parts of the cluster, there is the moderately high income Lafayette Park tract contrasting with the improved Jeffries Public Housing tract. The difference between these two tracts is so great, they may as well be in two different cities. The socio-economic profile of each of these clusters is vastly different. Cluster 4 is comprised of many contrasts that are expected of large city cores and thus, cannot be compared safely to any other cluster in the city.

Cluster 4 in 1990 had a population of 78,527. Household makeup varied between the city and the cluster. Smaller households make up much of the cluster. The rate of one-person households was almost twice that of the city, 55% in Cluster 4 vs. 30% for the entire city. The rate of seniors is also higher, 29% vs. 22% above 65 years of age. This implies that a different type of housing and a different set of services are needed in the area.

The rate of poverty is much higher in this area than in the city and incomes on average are lower. As mentioned previously, this is a paradox because areas such as Boston/Edison, Lafayette Park and Elmwood have higher than average incomes so planning for the diverse income groups can be a problem.

Cluster 4 has far fewer automobiles available, but the need may be less because of better public transit service in the area and because of proximity of residence to workplace. Also, more seniors in the area may indicate a lack of desire for an automobile. Higher automobile cost and lower incomes are also a factor.

The housing stock varies just as widely, the very oldest housing in the city is in this cluster, as is the very newest housing, along with some of the most expensive and the least expensive housing. It does no good to contrast this factor with the city or anyplace else. There are attempts to save the very old housing and to build more new housing.

### **Regional Housing Market**

The competition for housing in the city of Detroit comes from Wayne, Oakland, and Macomb counties. The market area for housing is generally tied to employment centers, i.e. households locate within a reasonable distance to their place of work. According to SEMCOG (Southeast Michigan Council of Governments), approximately 96% of employees working in downtown Detroit, the city's employment center, live in the tri-county area. Thus, this is the regional context in which the market for housing in the city must be understood.

According to SEMCOG, in 1995, the tri-county region had a population of 3,924,558. The city of Detroit accounted for 25% of the population, or 990,407. This percentage is projected to decrease in the future as Macomb, Oakland, and the remainder of Wayne County grow in population while Detroit declines.

In terms of households, or occupied housing units, Detroit accounted for 360,477 (24%) of the region's 1,506,835 in 1995. As with population, this proportion is expected to decrease.

Looking at the building and demolition permits issued in the region over the past few years provides insight into recent construction activity. Since 1990, the city of Detroit has lost a total of 26,843 units, as demolition permits have exceeded construction permits ten-fold. While many of the demolished units were no doubt uninhabitable, the decline in the housing stock is still serious. During the same time period, the remaining market area added approximately 88,000 units.

The shortage of housing units in Detroit has caused an increase in the effective demand. Thus, the price of housing for newer, high quality units has increased. Newer housing units in the city are renting and selling at levels comparable to the competing region. The following two tables show the rent levels and sales prices for a sample of units within the market area.

### ***Summary of For-Sale Supply***

| Area                                       | Housing Sales Price Range | Average Starting Price |
|--|---------------------------|------------------------|
| Greater Downtown                           | \$99,990 - \$300,000      | \$144,000              |
| Wayne County                               | \$94,900 - \$800,000      | \$240,071              |
| Macomb County                              | \$86,500 - \$370,000      | \$174,006              |
| Oakland County                             | \$94,990 - \$725,000      | \$260,354              |
| Sources:<br>RealComp<br>Detroit Free Press |                           |                        |

### ***Summary of Rental Supply***

|                | Unit Type     | Rental Range      | Size Range    | Rent/Sq. Ft Range |
|----------------|---------------|-------------------|---------------|-------------------|
| Detroit        | Studio        | \$255 - \$504     | 350 - 590     | \$0.51 - \$0.95   |
|                | One Bedroom   | \$285 - \$1,100   | 450 - 968     | \$0.43 - \$1.16   |
|                | Two Bedroom   | \$375 - \$1,450   | 600 - 1,700   | \$0.47 - \$1.17   |
|                | Three Bedroom | \$950 - \$3,000   | 1,800 - 3,700 | \$0.53 - \$1.23   |
| Wayne County   | One Bedroom   | \$440 - \$690     | 650 - 706     | \$0.68 - \$0.98   |
|                | Two Bedroom   | \$490 - \$770     | 785 - 1,100   | \$0.55 - \$0.83   |
|                | Three Bedroom | \$678             | 1,150         | \$0.59            |
| Macomb County  | Studio        | \$610             | 550           | \$1.11            |
|                | One Bedroom   | \$650 - \$770     | 750 - 930     | \$0.76 - \$0.92   |
|                | Two Bedroom   | \$709 - \$1,699   | 950 - 1,250   | \$0.76 - \$1.49   |
| Oakland County | One Bedroom   | \$650 - \$800     | 725 - 835     | \$0.90 - \$0.96   |
|                | Two Bedroom   | \$730 - \$1,025   | 950 - 1,400   | \$0.73 - \$1.02   |
|                | Three Bedroom | \$1,225 - \$1,325 | 1,200 - 1,250 | \$1.02 - \$1.06   |

### **Housing Context**

The market for housing within Cluster 4 is very strong due to the amenities contained in the area. With the historic buildings of downtown, the riverfront, theater district, cultural center, employment centers, the Detroit Medical Center, and historic neighborhoods, Cluster 4 has a lot to offer potential housing consumers.

The market for housing in Cluster 4 was recently examined in a market study completed for the Greater Downtown Partnership. That study estimated an unmet demand for approximately 14,600 units of housing in the greater downtown area, which is wholly contained within Cluster 4. This demand was from current downtown employees that do not live in the area.

The profile of potential households cut across all income and age levels, however, most of the interested employees were single or married without children, were under the age of 35, and had above average incomes.

If half of the unmet demand for housing in Cluster 4 were captured in the next five years, the benefits would be tremendous. Besides having denser, safer neighborhoods, retail and commercial development would follow.

### **Youth Development**

Young people in the metropolitan Detroit area are facing a wide variety of challenges in their efforts to be prepared for the 21st century. The higher levels of educational achievement required in order to compete in the current job market, increased levels of violence perpetrated by and upon youth, and the lower levels of funding available for educational and other youth related programming have only made it more difficult for young people to successfully develop into productive adults. The basic structure of the average family has also changed during the last twenty years due to higher divorce rates and the increased number of children born to single mothers. The combined effects of these factors have lead to increased levels of gang activity, poverty among children, and teenage pregnancy.

Issues that impact the lives of Detroit area youth including insufficient and inadequate recreational infrastructure, the low quality of educational opportunities available for the average student, the lack of educational activities and programming for young people outside of school hours, and poor access to technology ultimately impact the quality of life in the entire community. High drop out rates and truancy lead to high levels of unemployment, economic instability and crime in urban neighborhoods. Problems of this nature also contribute to suburban flight as young thriving families who can afford live outside of the city do so, especially as their children begin to reach school age. Currently, only twenty-six percent of the youth in the metro Detroit area live within the city of Detroit. More importantly, forty-six percent of those children live in poverty. The percentage of children living in poverty is the highest of any city in the United States. ("Status of Detroit Area Youth", Wayne State University) It is important that strategies be developed at the community level to provide young people with the necessary tools to become the leaders of tomorrow.

A number of agencies in the Detroit metropolitan area have been working to address the needs of local youth. Programs such as those offered by the local chapters of the Girl Scouts and Boy Scouts, YM&YWCA, Boys and Girls clubs, and other community service organizations are providing essential services for young people in the area.